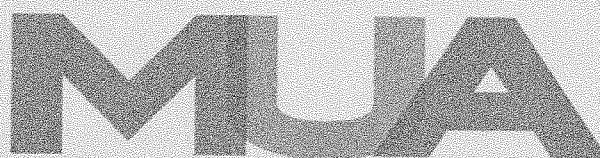


The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS - DECEMBER 2013

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BML 307: RISKS AND INSURANCE MANAGEMENT

DATE: DECEMBER 2013

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question one carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Case 1: Casualty insurance

Casualty insurance insures against accidents, not necessarily tied to any specific property. It is a broad spectrum of insurance that a number of other types of insurance could be classified, such as auto, workers compensation, and some liability insurances. Crime insurance is a form of casualty insurance that covers the policyholder against losses arising from the criminal acts of third parties. For example, a company can obtain crime insurance to cover losses arising from theft or embezzlement. Political risk insurance is a form of casualty insurance that can be taken out by businesses with operations in countries in which there is a risk that revolution or other political conditions could result in a loss.

Case 2: Life Insurance

Life insurance provides a monetary benefit to a decedent's family or other designated beneficiary, and may specifically provide for income to an insured person's family, burial, funeral and other final expenses. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or an annuity. In most states, a person cannot purchase a policy on another person without their knowledge. Annuities provide a stream of payments and are generally classified as insurance because they are issued by insurance companies, are regulated as insurance, and require the same kinds of actuarial and investment management expertise that life insurance requires. Annuities and pensions that pay a benefit for life are sometimes regarded as insurance against the possibility that a retiree will outlive his or her financial resources. In that sense, they are the complement of life insurance and, from an underwriting perspective, are the mirror image of life insurance.

From the above case studies;

- a) Explain the advantages of life insurance. (15 marks)
- b) Summarize the potential risk treatments you are familiar with. (10 marks)

QUESTION TWO

List and explain the basic principles of insurance giving examples where necessary. (15 marks)

QUESTION THREE

- a) Describe auto insurance and briefly explain its basic coverage. (8 marks)
- b) Differentiate between gap insurance and health insurance policy. (7 marks)

QUESTION FOUR

Describe the various types of insurance life policies.

(15 marks)

QUESTION FIVE

The International Organization for Standardization (ISO) identifies the basic principles of sound risk management. As a risk Manager, analyze the basic principles of sound risk management.

(15 marks)

QUESTION SIX

Examine the advantages of insurance to businessmen you are familiar with.

(15 marks)

